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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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DOQW
MINERALS PROGRAM
FILE COPY

February 28, 1990

CERTIFIED RETURN RECEIPT REQUESTED
P 074 978 655

Mr. E. B. King, President
Jumbo Mining Company
6305 Fern Spring Cove
Austin, Texas 78730

Dear Mr. King:

Re: Reinitiation of Heap Leaching Operations, No. 2 (L.G.) and No. 7, Drum Mine,
M/027/007, Millard County, Utah

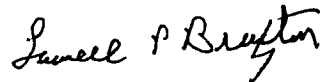
This letter is intended to formalize our position regarding Jumbo Mining Company's (JMC) proposed test leaching program for the No 2 (L.G.) and No. 7 leach pads at the Drum mine site. On November 27, 1989, the State Bureau of Water Pollution Control issued a conditional approval allowing JMC to initiate a 60-day test leach of pads No. 2 (L.G.) and No. 7. Your December 4, 1989 letter to Don Ostler (Bureau of Water Pollution Control), indicated you had started leaching pad No. 7. Sprinkling of pad No. 2 was to follow within a 7-10 day period.

On February 26th, we received a letter from Western States Mining Corporation (WSMC) regarding reactivation of these heaps. WSMC has indicated that they object to JMC performing any work on areas of the mine site which have not been formally transferred and bonded by JMC. Pads No.2 (L.G.) and 7 remain under WSMC's control. JMC chose not to assume responsibility for certain portions of the mine site when the permit was transferred from WSMC.

Page 2
Jumbo Mining Co.
M/027/007
February 28, 1990

Therefore, until we receive written notification from WSMC allowing JMC to conduct mining operations on these pads, we cannot permit leaching operations to be reinitiated. While the Division will not allow leaching for recovery of precious metals until the permit has been appropriately amended, I would not preclude Jumbo's testing of the heap leach liner integrity as required by the Bureau of Water Pollution Control, provided this is not objectional to WSMC. You are hereby advised that subject to the above, any mining activities conducted on properties unpermitted by JMC must be discontinued until approved by this Division.

Sincerely,



Lowell P. Braxton
Associate Director, Mining

jb
cc: Phil Allard, BLM
Steve Clyde, Clyde, Pratt & Snow
Frank Filas, WSMC
Don Ostler, BWPC
Wayne Hedberg, DOGM
WMN/1-2